

Regular Meeting

Agenda Item #	5
Meeting Date	13 December 2004
Prepared By	Sara Anne Daines ECD Director
Approved By	Barbara B. Matthews City Manager

Discussion Item	Second Reading of an Ordinance approving a contract with the firm of Comilang and Varghese Associates, CPA
Background	<p>This is the second of two required readings of an ordinance authorizing the execution of a contract for services with Comilang and Varghese Associates, CPA for financial analysis services required in the capital improvement rent petition process.</p> <p>The Rent Stabilization Ordinance (Chapter 6 Article 5) allows landlords to petition for rent increases in excess of the annual rent increase allowance. This can be done through the submission of either a capital improvement petition or a hardship petition. The capital improvement petition allows for the recapture of the costs of certain improvements made to a rental facility. A hardship petition provides landlords with an opportunity to maintain the net operating income generated by his or her rental property. To facilitate this process, the City contracts with an accountant to review all rent increase petitions and prepare a formal administrative decision regarding the request. The analysis is completed in partnership with the Executive Director of the Commission on Landlord and Tenant Affairs (COLTA), which issues the final decision regarding all rent increase petitions.</p> <p>A Request for Proposals for this service was issued. A single proposal was submitted by Comilang and Varghese CPA. Proposed costs are \$25 per hour. As noted during the November 15 worksession, this service is currently provided by the firm. They are not proposing an increase in their fee. The average cost of processing a petition is \$150.</p> <p>The first reading of the ordinance was conducted on November 22, 2004.</p>
Policy	Under the current Rent Stabilization Law, the Rent Increase Petition process is available to landlords to promote improvements to rental properties and to maintain the net operating income generated by a property. Expert, unbiased analysis of the financial elements of the allowed petition has been instrumental in ensuring compliance with the requirements of the ordinance.

Fiscal Impact	A total of \$30,000 is included in the FY05 Budget (#5300) for contractual costs incurred by COLTA. Of this amount, \$17,000 was earmarked for costs incurred in the financial review of all rent increase petitions. The balance has been encumbered for construction inspection services required in the review of all capital improvement rent increase petitions.
Attachments	<ul style="list-style-type: none"> • Ordinance approving Contract with Comilang and Varghese Associates CPA • Comilang and Varghese Associates CPA Proposal (November 15, 2004)
Recommendation	To approve execution of a contract with Comilang and Varghese Associates CPA for professional rents analysis services related to the capital improvement petition and hardship rent increase petition process.
Special Consideration	

Introduced by: Councilmember Austin-Lane

1st Reading: 22 November 2004

2nd Reading:

ORDINANCE NO. 2004-34

**AN ORDINANCE AUTHORIZING EXECUTION OF CONTRACT FOR RENTS ANALYST
WITH COMILANG AND VARGHESE ASSOCIATES, CPA**

WHEREAS, Takoma Park landlords, in accordance with City Code Chapter 6 Article 5, may petition for rent increases in excess of the annual rent increase allowance to recapture costs associated with certain improvements made to a rental property and to maintain the net operating income generated by a rental property; and

WHEREAS, to facilitate this process, the City contracts with an accountant or accounting firm to review all rent increase petitions and to prepare, in partnership with the Executive Director of Commission on Landlord-Tenant Affairs (COLTA), formal administrative decisions regarding such petitions; and

WHEREAS, in accordance with approved procurement procedures, Comilang and Varghese Associates, CPA was selected by the City of Takoma Park to analyze all capital improvement and hardship rent increase petitions to verify compliance with the rent stabilization ordinance; and

WHEREAS, funds are available within the Housing and Community Development Department's FY05 budget to continue this program.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF
TAKOMA PARK, MARYLAND**

SECTION 1. The City Manager is hereby authorized to enter into a twelve (12) month contract with Comilang and Varghese CPA for financial analysis services required in the review of all capital improvement rent increase petitions and hardship rent increase petitions at a cost of \$25 per hour.

SECTION 2. The City Manager is further authorized to renew, as appropriate, such contract for up to three additional one year terms.

Adopted this ____ day of _____ 2004.

ATTEST:

Catherine E. Waters, CMC/AAE
City Clerk

Ayes:

Nays:

Abstain:

Absent: